GUIDE TO THE EMPLOYMENT PENSION PLANS ACT AND REGULATION

Alberta

LABOUR
Employment Pensions Branch

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GUIDE TO THE

EMPLOYMENT PENSION PLANS ACT

AND REGULATION

Prepared by:

Alberta Labour
Employment Pensions Branch
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PREFACE

The Employment Pensions Branch has prepared this guide to assist employers, trustees, administrators and consultants in the administration, amendment and design of pension plans that are subject to the Employment Pension Plans Act. This guide has no legal authority. The Employment Pension Plans Act and Regulation should be used to determine the specific legislative requirements.

In the event questions cannot be answered by referring to this guide or the Employment Pension Plans Act and Regulation, further information or clarification can be obtained by contacting the Employment Pensions Branch at:

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Room 401, 10808 - 99 Avenue
Edmonton, Alberta, Canada
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Additional copies of this guide and brochures relating to the Act and the Branch are available at the above address.

*For toll-free dialing, contact your local Alberta Government R.I.T.E. operator.

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INTRODUCTION

This guide is designed to be used in conjunction with the Employment Pension Plans Act and Regulation. References are made to the applicable sections of the Act and Regulation throughout the guide.

The guide is separated into three main sections.

Section I defines frequently used terms referred to in the guide.

Section II outlines the contractual provisions of the Act which are required to be included in a pension plan. Part C of this section deals specifically with special provisions relating to multi-employer pension plans.

Section III outlines the administrative requirements of the Act and Regulation. This section includes information on the registration of plans and amendments; filing of cost certificates, actuarial valuation reports and annual information returns; procedures on the cancellation of plan registration and plan wind up; the responsibilities of the administrator. It also covers various general matters such as surplus refunds, transfer of assets and computation of commuted values. Again, Part C of this section relates specifically to multi-employer pension plans.

Each section briefly explains the requirements of the Act and Regulation, followed by general comments relating to specific topics. The reference to the applicable sections of the Act and/or Regulation is noted in the right margin of each page, next to the topic to which it relates.

This guide will assist plan sponsors and the pension industry in understanding and complying with the requirements of the Employment Pension Plans Act and Regulation.

SECTION I

DEFINITIONS

This section defines terms frequently used within the guide. Definitions relating specifically to multi-employer pension plans are explained in Part C of Section II of this guide.

administrator	means, in relation to a multi-employer pension plan, the board of trustees, and in relation to any other plan, the employer;	Act 1(1)(b) & 5(1)
benefit	means a pension or any other benefit provided under a pension plan;	Act 1(1)(c)
CPP	means the Canada Pension Plan;	
defined benefit plan	means a pension plan that is not a defined contribution plan, i.e. and that contains a defined benefit provision (e.g. a final average earnings pension plan);	Act 1(1)(f)
defined benefit provision	means a provision of a pension plan under which benefits are determined in any way other than that described under the definition of a defined contribution provision;	Act 1(1)(g)
defined contribution plan	means a pension plan that only contains defined contribution provisions (e.g. a money purchase pension plan);	Act 1(1)(h)
defined contribution provision	means a provision of a pension plan where the benefit is determined solely by employer contributions, employee contributions, if any, and any interest allocated to those contributions;	Act 1(1)(i)
employee	means an individual employed or providing a service in Alberta or a designated province, who is in receipt of or entitled to receive remuneration for the work or service;	Act 1(1)(k)

employer	means the person or organization, whether incorporated or not, and including any or all of the participating employers of a multi-employer pension plan, from whom a person who is employed receives renumeration;	Act 1(1)(l)
employment	means an employee's employment with the employer;	Act 1(1)(m)(ii)
former member	means an employee or former employee who has terminated membership or commenced pension and who retains an entitlement to receive a benefit under the plan;	Act 1(1)(o)
member	means an employee who is making contributions to the plan or whose employer is making contributions to the plan on that employee's behalf and who has not terminated membership;	Act 1(1)(t)
multi-employer pension plan or MEPP	means a pension plan administered for employees of two or more employers, except where both or all of those employers are affiliates within the meaning of the Business Corporations Act;	Act 1(1)(u)
OAS	means the Old Age Security Act;	
QPP	means the Quebec Pension Plan;	
RRSP	means a retirement savings plan registered under the Income Tax Act (Canada);	Act 1(1)(ff)
spouse	means, in relation to another person, (i) a person who at the relevant time was married to that other person and was not living separate and apart from that other person, or (ii) if there is no person to whom (i) applies, a person of the opposite sex who lived with that other person for the 3-year period immediately preceding the relevant time and during that period was held out by that other person in the community in which they lived as that other person's consort;	Act 1(1)(hh)
termination of membership	means, in relation to a pension plan, the cessation by the member of employment for which the employer is required by that plan to make contributions on the member's behalf;	Act 1(1)(mm)(iii)

YMPE	means the Year's Maximum Pensionable Earnings as defined under the Canada Pension Plan;	Act 1(1)(pp)
years of continuous employment	means, in relation to a pension plan, a continuous period of employment with the same employer, including, except where actual cessation of employment has occurred, breaks in employment not exceeding 26 consecutive weeks where the employee returns to employment with that same employer.	Act 1(1)(qq)(ii)

SECTION II

PLAN PROVISIONS

This section of the guide focuses on the provisions that must be contained in a pension plan. It explains the general areas that must be covered by the plan and outlines the contractual provisions required by the Act.

The requirements of the Act are set out as minimum standards for pension plans. Plan sponsors may provide for more favourable treatment of plan members, but the intent of the Act must be maintained.

Part 3 of the Act deals specifically with contractual plan provisions and should be read in conjunction with this section of the guide. This section of the guide is structured to closely follow the format of the Act. Each contractual requirement is outlined in point form. A brief commentary, and in some cases, examples follow each outlined provision.

Certain provisions of Part 3 of the Act are not required to be included in a plan. These provisions are listed in Section 20(3) of the Act. Other provisions in Part 3 of the Act are optional and this is indicated where applicable. It should be noted however, that if an optional provision is to be applied, then it must be included in the plan.

A. General Provisions

1. A plan must include those definitions and interpretation provisions of the Act and Regulation which are relevant to the plan and are necessary to ensure the plan's interpretation in accordance with the Act. — Act 20(2)

2. A plan must specify: — Act 21(1)

   a) how it will be administered and maintained,
   b) how administration costs will be paid,
   c) conditions for plan membership,
   d) benefit entitlements on:
      i) termination of membership,
      ii) death of a member or former member,
      iii) pension commencement, and
      iv) plan termination,

e) deadlines for choosing options and consequences of not meeting them,
f) how and when interest will be applied to contributions,
g) treatment of surplus assets while the plan is in operation, and
h) the formulas for determining benefits, member and employer contributions and allocation of those contributions.

Comments:

A plan established prior to January 1, 1987 may be exempted from specifying how surplus is to be treated while the plan is in operation, if existing plan provisions are such that it is unclear the plan can be amended to specify such surplus treatment. — Reg 41(2)

The formulas noted in item 2(h) of this Part A must meet the following criteria: — Reg 22(1)

a) they must be uniform for each year of future employment, — Reg 22(2)(a)
b) they must be uniform for each class of employees covered, — Reg 22(2)(b)
c) they may not be based on the member's age on joining the plan, — Reg 22(3)
d) allocation factors related to defined contribution provisions must not be based on the member's age or the accumulated value of contributions credited to the member, and — Reg 22(4)
e) they must be acceptable to the Superintendent of Pensions. — Act 21(2)

B. Contractual Provisions

The following provisions must be contained in a pension plan unless they are indicated as being optional, or they are not applicable to that plan. — Act 20(1)

1. Eligibility

- a plan must specify the permitted class or classes of employees to be covered, — Act 22(1)

- a plan must provide that all employees in a class covered by the plan, including non-full-time employees, may join the plan after
  a) completing 2 years of continuous employment, and — Act 22(2)(a)(ii)
  b) earning at least 35% of YMPE in each of 2 consecutive calendar years of employment with the employer on and after January 1, 1985. — Act 22(2)(b)

Comments:

The permitted classes of employees are: Reg 24(1)

a) salaried,
b) hourly,
c) union,
d) non-union,
e) supervisory,
f) management,
g) executive,
h) corporate officers,
i) significant shareholders, and
j) such other identifiable groups as are acceptable to the Superintendent.

A plan may cover one, more than one, or certain combinations of the above classes. It may also cover only those members of a class employed at a particular establishment of the employer. Reg 24(1)(j) Act 22(8)

The plan sponsor may establish a separate plan for non-full-time employees in the covered class or classes. This plan must provide benefits of comparable value to those provided by the plan for full-time employees. Act 22(3) Act 22(4)

Thirty-five percent of the YMPE in
a) 1985 was $8190,
b) 1986 was $9035, and
c) 1987 is $9065.

Membership is optional, unless the plan sponsor wishes to make it a condition of employment by so specifying in the plan. Act 22(5)

An employee who does not elect to join the plan when first eligible, must be allowed to join at a later date if that employee so chooses.

A plan may not require, as a condition of employment, that a person must transfer to that plan the value of benefits accrued under another plan in which that person was previously a member. Act 22(7)

A pension plan whose only member is a single employee who is an executive, corporate officer or a significant shareholder, is exempt from Section 22 of the Act. Reg 24(3)

2. Vesting

- a plan must provide for vesting to occur at the following times and in respect of the specified benefits:

a) Age 45 and 10 years of employment
   - benefits accrued from January 1, 1967 up to and including December 31, 1986 must vest in the member on termination of plan membership while employed in Alberta, if that member has attained age 45 and has completed 10 years of continuous employment, — Act 23(1) & 26(1)

b) 5 years of employment
   - benefits accrued on or after January 1, 1987 must vest in the member on termination of plan membership while employed in Alberta, if that member has completed 5 years of continuous employment, — Act 23(2) & 26(3)

c) Pensionable age
   - benefits accrued on or after January 1, 1987 must vest in the member on termination of plan membership while employed in Alberta, if that member has attained normal pensionable age under the plan, regardless of the length of employment, and — Act 24 & 26(3)

d) Plan termination
   - benefits accrued on or after January 1, 1967 must vest in all plan members, when a pension plan is terminated or, in the relevant members, if a partial plan termination occurs. — Act 25 & 26(5)

Comments:

The vested pension payable to a former member must not be less than the pension accrued under the terms of the plan as of the date of that member's termination of plan membership.

The commuted value of the vested pension under (a) above must be at least equal to the value of member's contributions with interest. — Act 26(2)

Where retro-active benefit improvements are made through an amendment, those improvements vest in the member,

a) if the amendment was made on or after January 1, 1967 but prior to January 1, 1987, after attaining age 45 and completing 10 years of employment, and — Act 26(1)(b)

b) if the amendment was made on or after January 1, 1987, after completing 5 years of employment. — Act 26(3)(b)

3. **Locking In**

- a plan must provide that benefits will be locked-in and used to provide a pension once they vest in accordance with the Act, as outlined in item 2 of this Part B. — Act 27(1) & 27(4)

Comments:

The locking-in provision ensures that vested benefits are used to provide pensions at retirement by prohibiting the withdrawal, surrender or commutation for cash of those vested benefits. This prohibition extends to locked-in funds transferred to an RRSP before January 1, 1987, but does not apply to additional voluntary contributions with interest. — Act 27(1), Act 27(2), Act 27(3)

A plan that provides for vesting at a date earlier than that required by the Act may provide that those vested benefits are not locked in until the member meets the minimum vesting requirements of the Act. — Act 27(11)

Where the amount of a pension is small or special circumstances exist, there are exemptions to the locking-in requirements. These are outlined in item 18 of this Part B. In addition, the locking-in provision does not apply to excess contributions as described in item 5 of this Part B. — Act 27(1)

A member is entitled to a refund of member contributions with interest relating to non-vested benefits. The refund must be paid within 60 days after the date the administrator receives any documents necessary to complete the refund. — Act 27(5)&(6), Act 36(1)

If the liability for funding benefits previously paid for by member contributions is assumed by the employer, then the plan may provide for a refund of those contributions with interest to the members. — Act 27(9)

Where a member has terminated membership in one plan due to becoming a member of another plan to which the member's same employer is required to contribute on the member's behalf, no return of member contributions is allowed until the member is no longer covered by a plan of that employer and only if the member is not then vested and locked-in. — Act 27(10)

4. Interest

- a plan must specify the rate of interest to be applied to contributions as follows:

  a) for defined contribution provisions, the rate must be at least equal to the rate of return of the fund, and must be applied to member required and voluntary contributions and to employer required contributions, — Act 28(2) Reg 26(2)

  b) for defined benefit provisions, the rate must be at least equal to — Act 28(1) Reg 26(3)
     i) the rate described in (a), or
     ii) the average yields on 5-year personal fixed term deposits as published in the Bank of Canada Review as CANSIM Series B14045 rounded down to the nearest 1/10 of 1%,

     and interest must be applied to member required and voluntary contributions,

- a defined benefit plan may provide for the fund rate of interest to be applied to member voluntary contributions and the rate in (b)(ii) to apply to member required contributions, — Act 28(3)

- a plan must outline how interest will be calculated and when it will be applied, and must include the interest rate payable on contributions made during a plan year or where a termination occurs during a plan year. — Act 21(1)(f)

Comments:

The Bank of Canada Review is published monthly and is available at many libraries and most financial institutions. It is also available from the Bank of Canada for a minimal fee. In addition, copies of the relevant sections of the Review can be obtained by contacting the Employment Pensions Branch. The most recent applicable section of the Review is attached as Appendix I to this guide.

In applying the Bank of Canada Review rate, the rates used must be for the most recent period for which rates are available with an averaging period equal to the number of months in the period for which interest is to be applied, to a maximum of 12 months. For example, where interest is to be applied annually, the number of months to be used is 12; if it is to be applied semi-annually the number of months is 6 and so on, where interest is credited more frequently. Reg 26(3)(b)

Once a rate is selected for a defined benefit plan, it cannot be changed without the prior written consent of the Superintendent. If the rate is to be changed, a plan amendment will be required. Reg 26(3)

Interest must be calculated and applied at least annually. Where a member is entitled to have a benefit paid, interest shall be calculated and applied to the end of the month immediately preceeding the date of payment. Reg 26(4) (5)&(6)

The methods for calculating and applying interest are outlined in Section 26(5), (6) and (7) of the Regulation. Once a method has been selected for determining benefits in a fiscal year of the plan, it must be used for all benefits determined during that fiscal year. Reg 26(8)

A pension plan may use any other reasonable and appropriate rate of interest or method of calculating interest on contributions made during a plan year or for determining benefits during a plan year, but the rate and method used must be stated in the plan and approved by the Superintendent. Reg 26(9)

Examples:

1. Application Method

Consider a plan with a fiscal year end of December 31, in which interest is being applied annually. On January 1, 1988 interest is applied:

a) on contributions to December 31, 1986 at 100% of the calculated interest rate, and Reg 26(5)(a)
b) on contributions made during 1987 at 1/2 of the calculated interest rate. Reg 26(5)(b)

2. Calculation Method when Determining Benefits

Consider a benefit determination date of June 12, 1988, with interest applied on 1987 contributions at January 1, 1988 at 8%. Interest to be applied to June 12, 1988 must be:

a) for contributions to December 31, 1987 at the rate of either — Reg 26(6)(a)(i)

i) days in 1988 / 365 × interest for 1987

$$\frac{163}{365} \times .08 = .035$$

or

ii) estimated rate earned by the fund from January 1, 1987 to June 12, 1988, and — Reg 26(6)(a)(ii)

b) for contributions made after December 31, 1987 at 1/2 of the rate determined in (a)(i) or (a)(ii) above, as applicable. — Reg 26(6)(b)

5. Minimum Employer Contribution

- a defined benefit provision which requires a member to contribute, must provide that member contributions with interest shall be used to provide for no more than 50% of the commuted value of the pension accrued in respect of that member on and after January 1, 1987, — Act 29(1)

- the plan must further provide that any member contributions with interest in excess of that needed to provide 50% of the aforementioned pension shall, on termination of membership in the plan, death before retirement or pension commencement, be made available to the member or surviving spouse — Act 29(2)

  a) as a cash refund,
  b) as a transfer to another plan or RRSP, or
  c) if the plan so provides, left to provide additional benefits under the plan,

  whichever the member or surviving spouse chooses.

Comments:

The minimum employer contribution rules may be extended to all benefits under the plan, rather than just those accruing on and after January 1, 1987. In this case, the 25% commutation of pre-1987 benefits, as outlined in item 18(a) of this Part B, is not permitted. Act 29(5)

The minimum employer contribution rule may also be applied to the combined defined benefits payable under the plan and any supplemental plan related to the main plan. Act 29(4)

The minimum employer contribution rule does not apply to defined contribution provisions. Act 29(3)

Examples:

1. A member commences membership January 1, 1987 and terminates May 31, 1993 with an accrued annual pension of $2650.

   a) commuted value of annual pension = $3380
   b) minimum employer contribution (50% of a) = 1690
   c) value of employee required contributions = 5560
   d) excess employee contributions (c - b) = 3870

2. A member commences membership January 1, 1980 and terminates January 31, 1990 with an accrued annual pension of $4170 ($2890 relating to employment before 1987, and $1280 relating to employment after 1987).

   a) commuted value of pension
      i) pre-1987 = $3680
      ii) post-1986 = 1630
   b) minimum employer contribution
      i) pre-1987 = 0
      ii) post-1986 (50% x a(ii)) = 815
   c) value of employee contributions
      i) pre-1987 = 7790
      ii) post-1986 = 3430
   d) excess employee contributions (c(ii) - b(ii)) = 2615

6. Portability

- a pension plan must provide that where a member terminates plan membership while employed in Alberta on or after January 1, 1987, and that member is Act 30(1)

a) vested and locked-in as outlined in items 2 and 3 of this Part B, and
b) has not reached the age that is 10 years prior to the normal pensionable age under the plan as outlined in item 10 of this Part B,

that member is entitled to transfer the commuted value of the pension accrued since January 1, 1967 to either

a) a locked-in RRSP,
b) another pension plan, if that plan so provides, or
c) to an insurance company to purchase a deferred life annuity.

Act 30(2)

Comments:

In all cases, the plan administrator must advise the receiver of the transferred funds, in writing, that the funds transferred are locked-in and to be used to provide a pension.

Act 30(2)
Reg 30(10)(b)

If funds are being transferred to a locked-in RRSP, the plan administrator must ensure that the RRSP carrier is on the Superintendent's list of approved carriers. This can be done by contacting the Employment Pensions Branch. Updated listings will be distributed at least annually. Further locked-in RRSP requirements are described in Section 30 of the Regulation.

Act 30(2)(b)
Reg 30

If funds are being transferred to an insurance company to purchase a deferred annuity contract, the administrator must ensure that pension payments will not commence earlier than the date the member could have first commenced to receive a pension under the plan.

Act 30(2)(c)

Where funds are transferred to a locked-in RRSP or to purchase a deferred life annuity contract, the spouse of a locked-in member may waive the required joint and survivor pension outlined in item 8 of this Part B. To do this the spouse must, no more than 90 days prior to pension commencement, sign the waiver form as shown in Appendix II(A) to this guide and file it with the RRSP/life annuity contract carrier.

A pension plan may provide that a member must make the transfer outlined in this part if the commuted value of the member's pension is less than or equal to 10% of the YMPE for the year in which the termination of membership occurred ($2,590 in 1987).

Act 30(5)
Reg 28

A transfer may be delayed if the member has terminated membership in the plan due to becoming a member of another plan to which the employer is required to contribute on the member's behalf. In this case, the transfer may be delayed until the member has terminated membership in any plan to which the employer is required to contribute on the member's behalf. — Act 30(7)

Prior to transferring locked-in funds out of the plan, the administrator must ensure that the transfer will not impair the solvency of the fund. — Act 57(3)

A transfer of the full commuted value of the pension cannot be made where a transfer deficiency exists. This situation occurs when the benefits under the plan are not fully funded. — Reg 27

When an actuarial valuation is done, the actuary determines a solvency ratio. Where that solvency ratio is less than 1, the commuted value of the benefit is multiplied by the solvency ratio and the difference between that product and the commuted value of the benefit (i.e. the transfer deficiency), must remain in the fund. That remaining balance with interest must be transferred within five years of the date of the initial transfer. — Reg 27

If the solvency ratio is 1 or more, but the plan administrator believes that plan solvency would be impaired by the transfer, the Superintendent may, in writing, permit the administrator to delay the transfer. — Reg 27(3)

Example:

Determining Transfer Values:

a)	solvency ratio	=	0.8
b)	commuted value of pension	=	$50,000
c)	transfer deficiency	=	50,000 -(50,000 X 0.8)
	(b - (b x a))	=	10,000
d)	initial transfer	=	50,000 - 10,000
	(b - c)	=	40,000
e)	subsequent transfer	=	10,000 plus interest
	(b - d)		

7. Pre-Retirement Survivor Benefits

- a pension plan must provide that, on death of a member or former member before that person has commenced to receive a pension, minimum benefits will be provided as follows:

a) if there is no surviving spouse, the member's contributions with interest will be paid in a lump sum to the designated beneficiary, or the estate of the deceased member, if no beneficiary is named, — Act 31(1)(b)

b) if there is a surviving spouse, but the member was not vested as described in item 2(b) of this Part B, the surviving spouse will receive a lump sum payment of the member's contributions with interest, or — Act 31(1)(a) 31(2)&(3)

c) if there is a surviving spouse and the member was vested as described in item 2(b) of this Part B, a pension to the surviving spouse equal to that which can be purchased with — Act 31(1)(a) & 31(2)

   i) the lump sum amount of the member's contributions with interest made in respect of employment prior to January 1, 1987, and

   ii) 60% of the commuted value of the pension accrued on and after January 1, 1987,

- the surviving spouse of a deceased vested member is entitled to a cash refund of any excess member contributions, determined as outlined in item 5 of thisPart B, — Act 31(5)

- a plan must provide that the surviving spouse of a deceased vested member has the same portability entitlements as the member would have had if that member had terminated plan membership. — Act 31(4)

Comments:

A pension plan may provide that the surviving spouse must transfer the commuted value of the pension out of the plan. — Act 31(4)

Example:

Determining the Benefit of the Surviving Spouse of a Vested Member:

a)	value of pre-1987 member contributions	=	$10,000
b)	value of post-1986 member contributions	=	18,000
c)	commuted value of post-1986 pension	=	20,000
d)	minimum value of spouse's pension (a + (60% x c))	=	22,000
e)	excess contributions refundable (b - (50% x c))	=	8,000

8. Post-Retirement Survivor Benefits

- a plan must provide that the pension payable to a member or former member, who on the date of commencement of pension has a spouse, will be in the form of a pension which provides payments for the life of the member and the spouse and which reduces by no more than 40% on the death of the member or the spouse. — Act 32(1)&(2)

Comments:

A pension plan may provide that the pension described above will be actuarially equivalent to the normal form of pension under the plan. — Act 32(3)

The spouse of a retiring member or former member may waive the entitlement to the joint pension by completing the pension plan waiver form in Appendix II(B) to this guide, not earlier than 90 days before the pension is to commence, and filing it with the plan administrator. — Act 32(4)&(5) Reg 31 & Schedule 1

This joint and survivor requirement applies to the entire pension accrued under the plan, but does not apply: — Act 32(1)&(2)

a) to pensions which commenced being paid prior to January 1, 1987, or
b) if a matrimonial property order within the meaning of the Matrimonial Property Act is filed with the plan administrator prior to pension commencement.

Bridging benefits payable in cases of early retirement are exempted from this joint and survivor form of pension requirement. — Reg 41(4)

9. Non-Suspension of Spouse's Pension

- a pension plan must not provide for the cessation of a pension being paid to a surviving spouse, or which becomes payable to a surviving spouse, on or after January 1, 1987, by reason of that spouse aquiring a new spouse. — Act 33

10. Pensionable Age

- a pension plan must specify an age, or a date by reference to an age, at which a member is eligible to commence receiving a pension without reduction or increase (normal pensionable age), — Act 35(1)

- a pension plan must provide that a member may retire, without the plan sponsor's consent, on or after a date which is 10 years prior to normal pensionable age, provided the member is vested as outlined in item 2 of this Part B (early pensionable age), — Act 35(5)

- if a member continues employment after normal pensionable age, then the plan must allow the member to postpone commencing pension and continue to accrue benefits under the plan on the same basis as applied prior to normal pensionable age, — Act 35(2)

- a plan must require a pension to commence prior to the member attaining age 71. — Act 35(7)

Comments:

No employment conditions can be attached to the normal pensionable age. It must be either an age (for example, age 64) or a date by reference to a specific age (for example, the first day of the year in which a member attains age 64). — Act 35(1)

The early retirement pension may be reduced in comparison to that which would have been payable if it had commenced at normal pensionable age. The actuarial present value of the reduced pension must be at least equal to that of the pension that would have been payable at normal pensionable age. — Act 35(6)

A plan may provide that a member may choose to commence receiving a pension from normal pensionable age while continuing in employment with the plan sponsor. In this event, no further contributions are required to be made on the member's behalf and no further benefits will accrue. — Act 35(4)

A plan may stipulate the maximum number of years of employment that can be taken into account in determining the pension, or it may stipulate the maximum amount of pension a member may receive. Once this maximum is reached the member must cease contributions to the plan. Act 35(3)

11. Pensioner Recommencement of Employment

- a plan must provide that, where a former member of the plan who has commenced to receive a pension recommences employment covered by the plan, Act 62(1)(g) Reg 25(1)

  a) payment of the pension is to continue and the former member is not eligible to become a member, or
  b) payment of the pension is to be suspended and the former member is to become a member effective the date of the commencement of that subsequent employment.

Comments:

Where the plan provides for the suspension of payment of the pension, the amount of pension payable at the member's subsequent pension commencement must be at least equal to the sum of Reg 25(2)&(3)

a) the pension provided for the period of his subsequent employment, and
b) either
   i) if the initial pension commencement occurred before normal pensionable age, the amount of pension that would have been payable had the initial pension commencement occurred at normal pensionable age reduced in accordance with the terms of the plan as they were at initial pension commencement, or
   ii) if the initial pension commencement occurred at or after normal pensionable age, the amount of pension payable at initial pension commencement.

The calculation of the reduction under (b)(i) above must be based on the assumption that the member had attained an age equal to the age at subsequent pension commencement less the number of years during which the initial pension was paid. Reg 25(3)

The Superintendent may permit such alternative method of calculation of the reduction as the Superintendent considers reasonable and appropriate. Reg 25(4)

12. Offset Benefit Formulas

- a pension plan under which pensions are reduced by virtue of the member being entitled to benefits under CPP, QPP or OAS, must limit the reduction (or offset) to a maximum of the sum of — Act 34(3)

    a) the amount payable under the CPP or QPP at the date the member's pension is to be paid, multiplied by a fraction whose numerator is the member's number of months of employment credited for benefit purposes under the plan to a maximum of 420, and whose denominator is 420,

    $$\text{i.e. CPP pension X } \frac{\text{credited employment}}{420}$$

    plus

    b) the amount payable under the OAS at the date the member's pension is to be paid, multiplied by a fraction whose numerator is the member's number of months of continuous employment prior to January 1, 1987 to a maximum of 420, and whose denominator is 420,

    $$\text{i.e. OAS pension X } \frac{\text{continuous employment pre-1987}}{420}.$$

Comments:

Once a pension has commenced, it can not be further reduced due to changes in benefits being paid under the CPP, QPP or OAS. — Act 34(4)

A pension plan may provide for a member, who retires before being entitled to a benefit under the CPP, QPP or OAS, to elect to receive a pension which is increased by reference to those benefits until such time as the CPP, QPP or OAS benefits are payable. Where this is done, the corresponding reduction in the pension payments once CPP, QPP or OAS benefits commence, must not result in the monthly pension payable from the plan to drop to a level below 1/12 of 2% of the YMPE for the year in which the member's pension commenced. — Act 34(2)

13. Funding and Solvency

- a plan which has a defined benefit provision must provide that it will be funded in accordance with the requirements of the solvency tests under Section 34 of the Regulation and any other requirements of the Act. — Act 38(2) & Act 40(1)

Comments:

A plan with a defined benefit provision must be funded in accordance with the actuarial valuation report and cost certificate required to be filed with the Superintendent (i.e. contributions must be made as outlined in the cost certificate). — Act 38(3)

14. Remitting of Contributions

- a pension plan must provide that contributions will be remitted to the fund holder of the plan within the time periods required by the Act. — Act 40(2)

Comments:

The required time periods for contribution remittance are:

a) in respect of member required and voluntary contributions, 30 days after they are received or deducted by the employer, — Reg 35(1)(a)
b) in respect of employer contributions relating to defined contribution provisions — Reg 35(1)(b)
   i) of a profit sharing pension plan, 90 days after the end of the fiscal year, or
   ii) of plans other than profit sharing pension plans, 30 days after the end of the month to which those contributions relate, and
c) in respect of employer contributions relating to defined benefit provisions, quarterly, within 30 days after the end of each quarter. — Reg 35(1)(d)

The permitted fund holders are: — Act 39(1)

a) an insurance company,
b) a trust company,
c) three or more individual trustees, at least three of whom reside in Canada, and at least one of whom is not a significant shareholder,
d) a society under the Pension Fund Societies Act (Canada), or
e) a person pursuant to the Government Annuities Act (Canada).

15. Investments

- a pension plan must provide that assets of that plan will be invested in accordance with the Act and Regulation. — Act 41

Comments:

The investment requirements of the Act are outlined in Schedule 2 of the Regulation. — Reg 36(1)

The administrator or fund holder must maintain an up-to-date record of each of the plan's investments, and the name in which each investment is registered. — Reg 36(3)

16. Wind-up of a Pension Plan

- a pension plan must provide for the allocation and distribution of surplus assets on plan wind-up, — Act 42(2)
- a defined benefit plan must provide for the reduction of benefits and allocation of assets, should the plan assets be insufficient to provide all benefits accrued under the plan, in accordance with the requirements of the Act. — Act 42(1) & Reg 37

Comments:

Surplus assets may be allocated and distributed to members and/or the employer. — Act 42(2)

A plan established prior to January 1, 1987 may be exempted from specifying how surplus is to be distributed on plan wind-up, if existing plan provisions are such that it is unclear that the plan can be amended to specify surplus distribution. — Reg 41(2)

17. Fiscal Year End

- a pension plan must specify the fiscal year end of the plan, if it is to be other than December 31. — Act 44(1)

Comments:

A fiscal year of the plan cannot exceed 12 months without the written consent of the Superintendent. — Act 44(2)

18. Commutation

- a pension plan may provide for the commutation of the following amounts of locked-in pensions:

  a) on termination of plan membership, 25% of the value of the pension accrued prior to January 1, 1987, — Act 37(2)
  b) on termination of plan membership, the full value of the pension if — Act 37(1) Reg 32

i) the monthly pension is not greater than 1/12 of 2% of the YMPE ($43.17 in 1987) for the year in which the earliest of termination, death or pension commencement occurred ($43.00 if such earliest event occurred prior to 1987), or

ii) the commuted value of the pension is not greater than 4% of YMPE ($1,036 in 1987) for the year in which the earliest of termination, death or pension commencement occurred, and

c) where the member's life expectancy is considerably shortened due to mental or physical disability as certified by a qualified medical practitioner, 100% of the value of the pension. — Act 37(3)&(4) Reg 33

Comments:

Provision (a) above does not apply where the 50% minimum employer contribution rule, as outlined in item 5 of this Part B, has been applied to benefits accrued prior to January 1, 1987. — Act 29(5)

C. Special Contractual Provisions for Multi-Employer Pension Plans

A multi-employer pension plan, or MEPP, is a pension plan to which 2 or more non-affiliated employers contribute. Some special provisions and definitions in respect of MEPPs have been included in the Act to ensure its proper application.

This part of Section II outlines these special provisions. Unless otherwise indicated below, the contractual provisions outlined in Part B of this Section II must also be included in a MEPP.

A MEPP may be excluded from certain definitions and provisions of the Act and Regulation relating to MEPPs, if the Superintendent gives approval under Section 23(3) of the Act. In this case, the corresponding single employer plan definitions and provisions will apply in place of the exempted MEPP provisions.

Approval under Section 23(3) of the Act will only be given to a MEPP which is a "multi-unit" plan, where little or no employee mobility exists between the participating employers.

1. Definitions Under a Multi-Employer Pension Plan

a) employment - means any employment with an employer which requires the employer to make contributions to the plan on the employee's behalf; — Act 1(1)(m)(i)

b) participating employer - means an employer who is contractually required to contribute to the MEPP; — Act 1(1)(w)

c) termination of membership - means the end of any period of 2 consecutive fiscal years of the plan during which the member has not completed a total of at least 350 hours of employment (i.e. year one plus year two is less than 350 hours); — Act 1(1)(mm)(i)

d) years of continuous employment - means any fiscal year of the plan in which a member has completed at least 350 hours of employment. — Act 1(1)(qq)(i)

2. Eligibility

- a MEPP must allow eligibility for plan membership after an employee
  a) has completed a total of at least 350 hours of employment over a period of two consecutive fiscal years of the plan (i.e. year one plus year two equals at least 350 hours), and — Act 22(2)(a)(i)
  b) has earned at least 35% of YMPE in each of two consecutive calendar years. — Act 22(2)(b)

Comments:

In determining eligible classes under a MEPP, different employers contributing to the plan may have different permitted classes covered. — Reg 24(2)

3. Vesting

To determine a member's vested status, definition 1(d) above must be used to calculate years of employment, unless exemption from the definition has been approved by the Superintendent under Section 23(3) of the Act. — Act 23(3)

4. Locking-In

- a MEPP must provide that where a member terminates membership while employed in Alberta and where that former member is not vested, the former member may have all member contributions made to the plan returned with interest, — Act 27(7)

- a MEPP may also provide that a non-vested former member who is either
  a) no longer employed by any participating employer, or
  b) no longer employed in a class of employment covered by the plan

  must have all member contributions made to the plan returned with interest. — Act 27(8)

5. Minimum Employer Contribution

Some MEPPs allow members, who have not accrued the maximum pension permitted under the plan for a plan fiscal year, to make additional contributions to increase their pension accrual up to that maximum. These extra contributions are not required to be taken into consideration when determining the 50% minimum employer contribution as outlined in item 5 of Part B of this Section II. — Act 29(6)

6. Portability

- a MEPP must provide that where a vested member terminates membership, as outlined in definition 1(c) above, that member may transfer the value of the accrued pension as outlined in item 6 of Part B of this Section II, regardless of any more favourable break-in-service rule that the plan may have, — Act 30(3)

- a MEPP may provide that a vested member, who is no longer employed with any participating employer or is no longer in a class of employment covered by the plan, may transfer the value of the accrued pension. — Act 30(4)

7. Pensionable Age

- a MEPP may require the member to commence receiving a pension from normal pensionable age, where that member continues to be employed after reaching normal pensionable age. — Act 35(4)

8. Funding and Solvency

A participating employer's liability in respect of funding benefits under a MEPP is limited to the amount which the employer is contractually required to contribute to the plan. — Act 38(4) Reg 34(22)

9. Remitting of Contributions

- a MEPP must provide that the administrator, on receipt of any contributions to the plan, will immediately remit them to the fund holder, — Act 40(3)

- a MEPP must provide that contributions will be remitted to the plan administrator within the time period required by the Act and Regulation. — Act 40(2)

Comments:

The required time periods for remitting contributions are:

a) in the case of employer contributions relating to a defined contribution provision and member contributions, the same as for single employer plans, — Reg 35(1)(a) & (b)

b) in the case of employer contributions under a defined benefit MEPP, 30 days after the end of the month to which those contributions relate. — Reg 35(1)(c)

10. Employer Withdrawal

- a MEPP must outline what happens in respect of funding and vesting of benefits for members and former members, where a participating employer withdraws from the plan. — Act 43

Comments:

A MEPP may provide that the withdrawal of a participating employer is deemed to be a regular termination of membership for all affected members, may provide that the employer withdrawal is a partial termination of the plan or may provide for any other consequences it wishes. Vested benefits cannot be reduced unless they have not been fully funded.

SECTION III

ADMINISTRATIVE PROCEDURES AND REQUIREMENTS

This section of the guide deals with the responsibilities of those involved in pension plan registration, ongoing administration and wind-up. These areas are covered by Parts 1, 2, 4 and 5 of the Act.

Under the Act, the administrator is deemed to be the employer, or, in the case of a multi-employer pension plan, the board of trustees. While the employer or board of trustees may delegate many or all of the administrative functions to other parties, responsibility for ensuring compliance with the Act still rests with the employer or board of trustees.

A. Plan Registration

- an administrator must ensure that an application for registration has been filed within 60 days after establishment of the plan, — Act 12(1)

- the application must be accompanied by the required filing fee and a certified copy of — Act 12(1)

  a) the plan,
  b) any document which created the plan or under which it is constituted,
  c) any agreement with a fund holder relating to the plan or any by-law or resolution relating to the plan,
  d) any investment agreements,
  e) the initial actuarial valuation report and cost certificate, if applicable,
  f) the explanation or summary of the plan to be given to plan members, and
  g) any other document affecting or related to the administration of the plan.

Comments:

The application must be in the form required by the Superintendent. This form can be obtained from the Employment Pensions Branch. — Act 12(2)

The application must include a registration fee of $4 per member. The minimum fee is $60 and the maximum fee is $2,000. — Reg 5(1)

For the purposes of calculating the fee, members include — Reg 5(2)

a) all active plan members on the effective date of the plan, if there are any members subject to the Pension Benefit Standards Act (1985) (employed in the Yukon Territory, the Northwest Territories, or other employment subject to Federal legislation), or

b) if (a) does not apply, all active plan members on the effective date of the plan employed in Alberta, Saskatchewan, Manitoba, Ontario, Quebec, Nova Scotia and Newfoundland.

An administrator must not administer a pension plan if — Act 14(1)

a) the plan has not been registered, or
b) the administrator has been notified that the plan will not be accepted for registration.

B. Ongoing Plan Administration

1. Responsibilities of the Administrator

- the administrator must

a) ensure that the plan is administered in accordance with the Act, — Act 6(1)
b) ensure that the plan provisions, including the contractual provisions outlined in Section II of this guide, are in compliance with the Act, — Act 6(2)
c) ensure that the plan is wound-up in accordance with the Act, if and when wind-up occurs, — Act 6(3)
d) ensure that a defined benefit plan is reviewed as outlined in item 3 of this Part B, — Act 6(4)
e) notify the Superintendent of the administrator's name and address within 30 days after becoming the administrator, and — Act 7(1)
f) notify the Superintendent of any change in the administrator's name and address within 60 days after the change. — Act 7(2)

Comments:

While acting as the administrator, an administrator stands in a fiduciary capacity with respect to those entitled to benefits under the plan. — Act 6(5)

2. Annual Information Returns

- the administrator must file a return each year on the form provided by the Employment Pensions Branch, — Act 7(3)(a)

- the filing of the return must include a filing fee of $4 per member with a minimum fee of $60 and a maximum fee of $2,000, — Reg 5(1)

- the return must be filed
  a) within 180 days after the end of the plan's fiscal year, and
  b) within 60 days after the winding-up of a plan is to commence. — Reg 4

Comments:

The Annual Information Return serves as a report to the Branch confirming that the plan continues to comply with the Act. In this regard it confirms the amount contributed to the plan during the year, changes in plan membership, and indicates any amendments or administrative changes. — Act 7(3)(a)

The filing fee should be calculated based on membership as outlined under plan registration in Part A of this Section III. — Reg 5(2)

Normally, a return covers the 12 month period of the plan fiscal year. A greater period may be covered, if the written consent of the Superintendent has been received. The greatest period that may be permitted is 15 months. — Act 44(2)

3. Cost Certificates and Actuarial Valuation Reports

- the administrator must ensure that a defined benefit plan is reviewed — Act 6(4)

  a) in the case of a new plan, as of the effective date of the plan (the initial review), — Reg 7(3)(a)
  b) in the case of an existing plan, 3 years after the initial review and every three years thereafter, as of the fiscal year end of the plan (the triennial review), — Reg 7(3)(c)
  c) on request of the Superintendent, as of the date specified in the request (the requested review), and — Reg 7(3)(b)
  d) in the case of an amendment affecting plan funding, as of the date the amendment is made (the amendment review), — Reg 7(5)

- the administrator must file the cost certificate and actuarial valuation report

  a) in the case of the initial review, within 120 days after the plan is established, — Reg 8(2)(a)
  b) in the case of the triennial review, within 180 days after the end of the plan fiscal year, — Reg 8(2)(b)
  c) in the case of a requested review within 180 days after the date specified in the request, and — Reg 7(3)(b) & 8(2)(b)
  d) in the case of an amendment review, within 120 days after the amendment is executed, — Reg 8(4)&(5)

- the actuarial valuation report and cost certificate filed must be prepared and signed by — Act 7(3)(b)(i)(B)

  a) a Fellow of the Canadian Institute of Actuaries, or
  b) an authorized representative of the insurance company, if all plan benefits are insured. — Reg 7(2) & 8(1)

Comments:

The cost certificate and actuarial valuation report must be prepared in a manner that is consistent with the recommendations of the Canadian Institute of Actuaries. — Reg 8(3)

They must include, at least, all matters outlined in Section 8(3) of the Regulation. — Act 7(3)(b)(i)(A)

An amendment review may simply cause the most recent valuation results to be revised to show changes in the funding and solvency of the plan. In this case, the next triennial review date does not change. If a full review is done, the next triennial review date is adjusted accordingly. — Reg 7(5)

Where a cost certificate contains all the information required by the Act, the actuarial valuation report need not be filed. A copy of the actuarial valuation report may be requested where the Superintendent considers the information on the cost certificate to be insufficient. — Act 7(5)

The Superintendent may require the cost certificate and actuarial valuation report to be amended, if it is considered that they do not comply with the requirements of the Act. — Act 7(4)

This item 3 does not apply to defined contribution provisions.

4. Amendments

- an administrator must submit a certified copy of every amendment to a document that created or that supports the plan within 60 days after the amendment is executed, — Act 13(1)

- an administrator must file a certified consolidated copy of the plan, or any document supporting it, within 180 days of the Superintendent's written request for it. — Reg 6

Comments:

An amendment may be effective prior to its execution date or the effective date of the plan. It may not reduce a benefit which the member had accrued prior to the amendment. — Act 15, Act 56

Where a plan is totally revised, or a change in fund holders occurs, the new documents are considered as amendments to the plan. — Act 13(2)

An administrator must not administer the plan in a manner that reflects the amendment if — Act 14(2)

a) the amendment has not been filed for registration, or
b) the administrator has been notified by the Superintendent that the amendment will not be registered.

5. Transfer Agreements

- an administrator must file a copy of any transfer agreement within 60 days after it is entered into, — Act 16(2)

- the administrator must ensure that the agreement does not contain any provisions contrary to the Act in respect of benefits which are subject to the Act. — Act 16(3)

Comments:

A transfer agreement as referred to above, is an agreement between 2 or more pension plans to transfer money or benefits in respect of individual members or former members. — Act 16(1)

6. Disclosure

- the administrator must provide, in writing,

a) to each employee eligible to join the plan — Act 8(1)(a)(i)
   i) within 120 days after the establishment of the plan, or — Reg 11(1), Reg 10(1)(a)
   ii) within 30 days prior to the employee becoming eligible to join an existing plan, — Reg 10(1)(c)

a summary of the plan and the member's entitlements and obligations thereunder, including the information outlined in Section 11(1) of the Regulation,

b) to each plan member, within 90 days after the registration of an amendement that relates to that member's benefits, a summary of the amendment and the member's entitlements and obligations thereunder, including any change respecting how the plan's assets are invested, — Act 8(1)(a)(i)(B); Reg 10(2)(b) & 11(2)

c) to each plan member, within 180 days after the plan fiscal year end, a statement of accrued benefits as outlined in Section 12 of the Regulation (the annual statement), — Act 8(1)(b); Reg 12

d) to each former plan member, following termination of membership in the plan — Act 8(1)(c); Reg 13
   i) within 90 days after the termination of membership, a statement or
   ii) within 90 days after a written request from a former member is received, an updated statement

of accrued contributions, benefits and options available as outlined in Section 13 of the Regulation,

e) to each member or former member who is about to commence to receive a pension, within 90 days of receiving an application for the commencement of a pension, a statement of the retirement benefits and options available as outlined in Section 14 of the Regulation, — Act 8(1)(d); Reg 14

f) to each surviving spouse, beneficiary or estate, as applicable, within 90 days after receiving proof of death of a member, a statement of benefits and options available as outlined in Section 17 of the Regulation, — Act 8(1)(f); Reg 17

g) to each member, former member, surviving spouse, designated beneficiary or personal representative of an estate, within 30 days after receiving a written request for it, the data used to calculate benefits, and — Act 8(1)(g); Reg 18

h) to each member or former member on termination or winding-up of the plan, — Act 8(1)(h)
   i) within 60 days prior to the intended terminationdate, or if it is intended to terminate the plan sooner immediately after the decision to wind-up is made, notice of the intention to terminate the plan and the effective date of the termination, and — Reg 19

ii) within 30 days after the wind-up report is approved by the Superintendent, a statement outlining benefits and options available as outlined in Section 20 of the Regulation, — Act 8(1)(i) Reg 20

- the administrator, within 30 days after receiving a written request for it, must allow a person entitled to benefits, or that person's agent, to examine a copy of — Act 8(4)

a) the plan and any amendments which relate to that person's benefits,
b) any agreement with a fund holder,
c) any investment agreement,
d) any document relating to that person's employment as it relates to the plan,
e) the most recently filed Annual Information Return,
f) the most recently filed Cost Certificate,
g) the most recent plan explanation or summary, and — Reg 21(1)
h) the termination or wind-up report, in cases of plan termination or wind-up.

Comments:

There shall be no charge for providing any of the information noted above. — Act 8(2)

Where a person is entitled to ask for an update of any of the statements noted above or to examine the documents noted above, the administrator need only provide such update or permit such examination once in any 12 month period. — Act 8(7) Reg 16 & 21(2)

The administrator must allow examination of documents during regular work hours — Act 8(5)

a) if requested, at the office of the administrator which is nearest the residence of the person who requested the examination, or
b) if no such request is made, where the plan is administered.

The administrator may provide the person with a copy of the requested documents in lieu of permitting the above examination. There shall be no charge for such copies. — Act 8(6)

A person entitled to benefits, for whom a statement has been provided as outlined above, must exercise any option available within 90 days of receiving the statement. Where that person does not exercise the option within the 90-day period, that person's options are limited to those, if any, provided by the plan. — Reg 29

7. Retention of Records

- the administrator must retain plan records in the case of,
  a) a person receiving, or who has received a benefit, for 3 years after the benefit ceased to be paid from the plan, and — Act 9(1)(a)
  b) all other records, until the date they ceased to be operative. — Act 9(1)(b)

Comments:

Where a pension has been provided through an insurance company, the insurance company must retain the records for 3 years after the pension has ceased to be paid. — Act 9(2)

C. Special Administrative Requirements For MEPPs

As with the contractual requirements, some special provisions are needed to ensure that MEPPs can be administered in accordance with the Act requirements.

Unless otherwise indicated below, the administrative requirements outlined in Part B of this Section III also apply to MEPPs.

Every MEPP must have a board of trustees or similar body to administer the plan. Where the plan is established and maintained pursuant to contributions required under a collective agreement, at least half of the members of the board of trustees must be representatives of the members. — Act 5(1) Act 5(2)

Where a MEPP is established by, or under a trust, all participating employers are bound by the instrument establishing that trust and any amendments to that instrument, whether or not they are parties to any agreement under which the trust was established or amended. — Act 10

1. Cost Certificates and Actuarial Valuation Reports

- the administrator must submit the triennial cost certificate and actuarial valuation report within 270 days after the end of the plan fiscal year, — Act 7(3)(b) Reg 8(2)(b)(i)

- the administrator must file a copy of a collective agreement or arbitration award within 30 days after receiving a written request for such document by the Superintendent. — Act 7(3)(c) Reg 9

Comments:

Where employer contributions under a MEPP are based on a fixed rate of dollars and/or cents per hour of employment, the cost certificate and valuation report must also include the information required by Section 8(3)(i) of the Regulation. — Reg 8(3)(i)

2. **Disclosure**

- the administrator of a MEPP, which has not received the Superintendent's approval under Section 23(3) of the Act described in part C of Section II of this guide, must provide

  a) the summary of the plan to a new plan member — Act 8(1)(a)(i)
     i) with the first annual statement provided to that member, or, — Reg 10(1)(b)
     ii) if earlier, within 30 days after a request for it is received from the member,
  b) the summary of an amendment relating to the member's benefits — Act 8(1)(a)(i)(B)
     i) with the next following annual statement, or, — Reg 10(2)(a)
     ii) if earlier, within 30 days after a request for it is received from the member,

- the plan administrator must provide a transfer statement, which includes the information outlined in Section 15 of the Regulation, within 90 days after an application for it is received from a member wishing to transfer the commuted value of a vested pension as outlined in item 6 of Part C of Section II of this guide. — Act 8(1)(e) Reg 15

Comments:

The transfer statement may be given in lieu of the termination of membership statement required by Section 13 of the Regulation, and need only be provided once in any 12 month period. — Reg 13(3) & 16

D. **Cancellation of Registration**

- pension plan registration is cancelled by the Superintendent when

  a) the plan is terminated and wound-up in accordance with the Act, — Act 17(2)
  b) the plan does not comply with the Act, or — Act 17(1)(a)
  c) the administrator has not complied with the requirements of the Act or the plan, — Act 17(1)(b)

- where a plan's registration is cancelled or an amendment or a new plan is refused for registration, the notice and appeal procedures outlined in Sections 18 and 19 of the Act apply. — Act 18 &19

E. Plan Termination and Wind-up Requirements

1. Plan Termination

- a plan termination occurs when

  a) registration is refused or cancelled, — Act 45(1)
  b) an employer ceases to make contributions on behalf of all members of the plan, — Act 45(2)(b)
  c) an employer ceases making contributions on behalf of an identifiable group or class of members of the plan (partial termination), or — Act 45(2)(a)
  d) the Superintendent declares a termination as a result of the employer disposing or being in the process of disposing of an identifiable part of the employer's business operations, — Act 46(1)

- termination is effective from the last day in respect of which contributions have been made, as determined by the Superintendent (the termination date), — Act 45(4)

- wind-up must commence immediately after the termination of the plan unless the Superintendent approves a delay, — Act 51(1)

- the administrator must, no later than

  a) 60 days prior to the termination date, or immediately if the decision to terminate is made less than 60 days prior to the termination date, notify — Act 47
     i) the Superintendent, and
     ii) the plan members and former members, — Act 8(1)(h)
     of the intention to terminate the plan, — Reg 19
  b) 30 days after the termination date, ensure that all outstanding contributions have been remitted to the fund by the employer (for example, member contributions deducted but not yet remitted), — Act 48
  c) 60 days after the termination date, file a copy of

i) the Annual Information Return, — Reg 4(b)
ii) the wind-up report, and — Act 51(3)
iii) any other document, or resolution or information required by the Superintendent to approve the plan wind-up, and

d) 30 days after wind-up has been approved by the Superintendent, provide the termination statements to plan members and former members, — Act 8(1)(i) Reg 20

- assets of a terminated plan may not be distributed without the prior written consent of the Superintendent. — Act 52(1)

Comments:

The entitlement of members affected by a partial plan termination must not be less than the entitlement they would have had if the whole of the plan had been terminated. — Act 50

Contributions are deemed to have ceased where the employer fails to remit them within the period required by the Act and the Superintendent considers that the employer does not intend to make further contributions. — Act 45(3)

Contributions are not deemed to cease when they are being covered by surplus assets, if such surplus utilization is permitted under the plan, or when an identifiable class or group of members of the plan ceases to be covered by that plan and becomes covered by another plan. — Act 45(5)

In the latter case, years of continuous employment under one plan count as years of continuous employment under the other. — Act 45(7)

The Annual Information Return must cover the period from the first day of the fiscal year of the plan to the termination date.

The wind-up report must include: — Act 51(3)

a) the nature of benefits to be provided,
b) the assets and liabilities of the plan,
c) the assumptions used to determine the liabilities, if applicable,
d) the method of allocating assets where liabilities are greater than assets, as outlined in Section 42(1) of the Act and Section 37 of the Regulation,
e) how surplus assets will be used,
f) a list of members and former members showing their respective names, dates of birth, date of commencement of employment, value of employee contributions, value of accrued benefit, and method of settlement,
g) confirmation of full vesting of all members, and
h) confirmation that minimum employer contribution and locking-in requirements will be met.

The wind-up report must be signed by: Act 51(3) Reg 38

a) in the case of a defined benefit plan, a person authorized to sign a Cost Certificate, or

b) in the case of a defined contribution plan a person mentioned in (a), the fund holder or the administrator.

The winding-up may be delayed where the Superintendent gives his written approval. In this case, the winding-up may be delayed until the decision to wind-up is made, or the Superintendent withdraws approval of the delayed wind-up. Act 51(2)&(3)

Where winding-up was delayed and the plan is to be wound up, an additional wind-up report must be filed. Act 51(4)

The Superintendent may appoint an administrator to wind up the plan where the administrator cannot be located or is insolvent. Act 53(1)

2. Disposal of a Business

- where a business or part thereof is sold, several events may occur:

a) if the successor employer has no pension plan which the employees may join, the plan of the predecessor employer is deemed to be terminated in respect of the affected members, Act 45(2)

b) if the successor employer has a plan which the employees may join but does not wish to assume liability for the predecessor plan benefits, Act 55(1)
   i) benefits may remain under the predecessor plan for the credit of the members, or
   ii) the predecessor plan may be terminated, and all benefits transferred to other locked-in plans, in accordance with the conditions in Section 30(1) & (2) of the Act, or Act 55(3)&(4)

c) if the successor employer assumes liability for the predecessor employer's plan benefits, the assets relating to those benefits are transferred to the successor employer's plan and all benefits are then paid from that plan.

Comments:

In both cases (b) and (c), continuous employment, for the purposes of determining vesting, locking-in and eligibility under either plan must include employment with both the predecessor and successor employer. Act 55(2)

The transfer in (c) must not take place without the prior approval of the Superintendent. — Act 57(1)(c)

F. Special Wind-Up Requirements For MEPPs

- except where a plan has received the Superintendent's approval under Section 23(3) of the Act, cessation of contributions by a participating employer does not constitute a partial wind-up of the plan unless the plan specifically states that it does. — Act 45(6)

Comments:

A MEPP may not declare a partial wind-up if the employees of the withdrawing participating employer will immediately be covered by another plan to which that employer will contribute on their behalf. — Act 45(7)

All other termination and wind-up requirements outlined in Part E of this Section III also apply to MEPPs.

G. Miscellaneous Procedures And Requirements

1. Calculation of Commuted Value

- the commuted value of a benefit is the actuarial present value of a benefit, or the money representing that value, — Act 1(1)(e)

- the commuted value must be

  a) determined in accordance with the recommendations for the computation of transfer values of pensions issued by the Canadian Institute of Actuaries a copy of which is attached as Appendix III to this guide, — Reg 23(1)(a)
  b) determined on the basis of assumptions and methods that are consistent with generally accepted actuarial principles, and — Act 1(1)(e)(i)
  c) acceptable to the Superintendent, — Act 1(1)(e)(iii)

- the administrator must file a copy of the basis to be used in determining the commuted value of benefits under the plan at least 30 days prior to using that method, — Reg 23(1)(b)

- if the Superintendent advises the administrator that the basis submitted is unacceptable, it must not be used, and a revised basis, consistent with the requirements of the Act, must be submitted. — Reg 23(2)

2. Assignment and Alienation

- money transferred from a pension plan and earnings thereon, and any benefits under a pension plan may not be assigned, alienated, seized or attached by any person and any transaction purporting to do this is void. — Act 59(1)

Comments:

This provision does not apply to additional voluntary contributions. — Act 59(2)

3. Surplus Assets

- surplus assets may not be refunded to the employer unless

  a) the plan contains a valid provision allowing such surplus refund, — Act 58(a)
  b) the administrator has — Act 58(b)
     i) notified all plan members and former members — Reg 39(2)
     ii) filed a copy of the notice with the Superintendent, — Reg 39(3)
     iii) ensured that the plan will retain the required amount of surplus, — Reg 39(4)
     iv) filed an up-to-date actuarial valuation and cost certificate and any other documents requested by the Superintendent, and — Reg 39(5)
     v) filed a request for consent with the Superintendent, and
  c) the Superintendent has given written notice of compliance with the solvency tests under the Act. — Act 58(c)

Comments:

The notice provided to members and former members must be given at least 30 days prior to submitting a request for the Superintendent's notice under Section 58(c) of the Act. It must include: — Reg 39(2)

  a) a statement of the intent to pay surplus assets to the employer,
  b) the total amount of surplus in the fund,
  c) the amount of surplus to be refunded,
  d) a statement that members may, through their representatives, make written representation to the Superintendent regarding any effect that the surplus refund may have on the solvency of benefits contractually required under the plan, and
  e) the address of the Employment Pensions Branch.

The notice may be mailed to the member's or former member's last known address. Reg 39(6)

The required amount to be retained in the fund is: Reg 39(4)

a) in the case of a defined contribution plan, one year's employer contributions, or
b) in the case of a defined benefit plan, the greater of
   i) two year's employer contributions, and
   ii) 125% of plan termination liabilities less the plan's ongoing liabilities.

4. Transfer of Assets

- a transfer of assets from one plan to another must not be made unless Act 57(1)
  a) it is in accordance with the requirements of the Act for termination of membership benefits or survivor benefits on death prior to pension commencement,
  b) the transfer agreement relating to the transfer has been filed, or
  c) the Superintendent's written consent has been given,

- a transfer of assets from one fund holder to another fund holder must not be made unless Act 57(2)
  a) the new funding contract and any related amendments have been filed for registration, or
  b) the written consent of the Superintendent has been given.

5. Claiming of Benefits

- a person claiming entitlement to benefits under a pension plan has the onus of proving that claim, Act 61

- the administrator may require such evidence as is necessary to establish a claim to benefits.

6. Non-Administrator Employer

- a non-administrator employer is an employer who is not administering the plan. This occurs when Act 1(1)(v)

  a) the employer is a participating employer under a MEPP, or
  b) the Superintendent has appointed an administrator to wind up the plan under Section 53(1) of the Act,

- a non-administrator employer must provide the administrator with any information which

  a) the administrator requests in writing, and
  b) is required by the administrator to perform the administrator's duties in accordance with the plan and the Act.

7. Notice to Superintendent of Failure to Remit Contributions

- where an employer has not remitted contributions within 60 days after the date that those contributions were required to be remitted, as outlined in item 14 of Part B of Section II of this guide, the administrator or fund holder who should have received the contributions shall immediately notify the Superintendent, in writing, that they have not been received. — Act 40(4)

Comments:

The administrator of a MEPP, that has not received the Superintendent's approval under Section 23(3) of the Act, is exempted from this requirement. — Reg 41(3)

8. Extension of Time Limits

- where, due to extenuating circumstances, a person is unable to do anything within a period or before a time limit imposed by a section of the Act or Regulation which is listed in Section 3 of the Regulation, a request may be made, in writing, to the Superintendent to extend the time limit, — Act 4, Reg 3

- the Superintendent may extend the time period to such time as he considers appropriate.

F1 Selected Canadian and international interest rates, including bond yields and interest arbitrage
Statistiques diverses sur le loyer de l'argent au Canada et a l'étranger, y compris le taux de rendement des obligations

S 82

Per cent per annum Taux annuel

Wednesday Le mercredi	Bank Rate Taux officiel d'escompte	Government of Canada securities Titres du gouvernement canadien					Other bond yield averages (McLeod, Young, Weir) Rendement moyen d'autres types d'obligations (McLeod, Young, Weir)			Overnight money market financing Taux des avances a un jour	Prime corporate paper Papier de premier choix des societes		Bankers' acceptances 30-day Acceptations bancaires a 30 jours	Chartered bank deposit rates Taux des dépôts bancaires			
		Treasury bills at Thursday tender following the Wednesday indicated Bons du Trésor à l'adjudication du jeudi suivant le mercredi indique		Average bond yields Rendement moyen des obligations			Provincials, weighted long-term Provinces, moyenne pondérée (long terme)	Corporates Societes			30 day A 30 jours	90 day A 90 jours		Canadian dollar Dépôts en dollars canadiens			5-year personal fixed term Depots a 5 ans des particuliers
		3 months 3 mois	6 months 6 mois	1-3 years 1 à 3 ans	3-5 years 3 à 5 ans	5-10 years 5 à 10 ans	Over 10 years Plus de 10 ans	Weighted long-term Moyenne pondérée (long terme)	Weighted mid-term Moyenne pondérée (moyen terme)					Deposit receipts Bons de caisse		Non-chequable savings deposits Depots d'épargne non transférables par chèques	
														30-day A 30 jours	90-day A 90 jours		
	B14006	B14007	B14008	B14009	B14010	B14011	B14013	B14047	B14048	B14049	B14044	B14039	B14017	B14033	B14042	B14043	B14019	B14045
1982 S 29	13.18	12.73	12.30	12.75	12.90	13.10	13.48	14.45	14.80	14.39	14.05	13.20	13.10	13.30	13.13	12.54	10.50	12.25
O 27	11.53	11.21	11.29	11.57	11.88	12.07	12.63	13.57	13.82	13.38	13.64	12.00	11.45	11.95	11.37	11.33	9.25	11.00
N 24	10.87	10.72	10.90	10.80	11.19	11.46	12.18	12.99	13.32	12.83	11.86	11.20	10.95	11.33	10.60	9.91	8.50	10.00
D 29	10.26	9.80	9.39	10.24	10.64	11.03	11.69	12.51	12.93	12.47	10.38	10.35	10.25	10.20	9.75	9.18	8.00	9.25
1983 J 26	9.81	9.58	9.60	10.28	10.81	11.17	12.28	13.08	13.39	12.67	11.21	10.55	10.05	10.33	9.46	8.69	7.50	8.75
F 23	9.43	9.23	9.14	10.23	10.49	10.95	11.80	12.72	12.85	12.11	10.86	9.70	9.50	9.70	9.19	8.00	7.00	8.50
M 30	9.42	9.17	9.52	10.18	10.46	10.95	11.70	12.58	12.75	12.00	8.84	8.95	9.30	8.88	7.63	7.46	7.00	8.00
A 27	9.46	9.12	9.11	10.00	10.17	10.59	11.18	12.11	12.26	11.65	9.27	9.25	9.30	9.25	7.88	7.00	6.75	8.00
M 25	9.38	9.25	9.47	9.75	10.18	10.62	11.30	12.08	12.24	11.56	9.46	9.35	9.35	9.38	7.00	7.00	6.75	8.00
J 29	9.42	9.17	9.45	10.08	10.44	11.06	11.56	12.45	12.49	11.80	9.63	9.05	9.30	9.03	7.37	7.50	6.75	8.50
J 27	9.51	9.24	9.59	10.38	10.83	11.27	12.03	12.83	12.85	12.18	9.50	9.15	9.35	9.07	7.71	7.50	6.75	8.50
A 31	9.57	9.32	9.62	10.86	11.27	11.72	12.34	13.15	13.19	12.51	9.09	9.05	9.35	9.04	7.48	8.18	6.75	8.50
S 28	9.52	9.24	9.33	10.10	10.67	11.24	11.76	12.58	12.65	11.95	9.48	9.20	9.30	9.19	7.39	8.14	6.75	8.50
O 26	9.45	9.24	9.36	9.88	10.61	11.17	11.73	12.56	12.67	11.97	9.43	9.20	9.30	9.22	7.94	8.50	6.75	8.50
N 30	9.63	9.48	9.72	10.03	10.58	11.21	11.80	12.62	12.64	11.91	9.54	9.45	9.50	9.44	7.43	8.50	6.75	8.50
D 28	10.04	9.71	9.86	10.39	10.84	11.41	12.02	12.86	12.95	12.21	9.07	9.55	9.85	9.57	7.52	8.50	6.75	8.50
1984 J 25	9.98	9.73	9.88	10.23	10.73	11.32	11.92	12.71	12.83	12.24	9.79	9.70	9.80	9.72	7.75	8.50	6.75	10.25
F 29	10.04	9.82	10.19	10.74	11.31	11.90	12.40	13.14	13.30	12.71	9.50	9.70	9.85	9.69	8.46	8.88	6.75	10.25
M 28	10.76	10.53	11.00	11.50	11.87	12.58	13.06	13.69	13.80	13.33	9.68	10.00	10.60	9.91	8.17	9.07	7.25	10.50
A 25	10.82	10.59	11.05	11.76	12.19	12.89	13.31	13.98	14.16	13.68	10.43	10.25	10.75	10.23	8.63	9.25	7.25	11.00
M 30	11.60	11.29	12.20	12.92	13.16	13.64	13.93	14.52	14.65	14.30	9.88	10.55	11.50	10.61	9.46	10.00	7.75	11.50
J 27	11.98	12.11	12.92	12.89	13.00	13.51	13.81	14.32	14.52	14.18	10.45	11.55	12.10	11.58	9.61	10.00	8.25	11.50
J 25	13.24	12.73	13.02	13.02	12.95	13.24	13.41	13.96	14.13	13.86	11.48	12.05	12.95	12.08	11.60	12.50	9.00	12.00
A 29	12.39	12.13	12.44	12.39	12.33	12.70	12.89	13.34	13.47	13.23	12.30	12.10	12.25	12.04	11.54	10.50	8.50	11.50
S 26	12.28	12.02	12.04	12.04	12.14	12.49	12.63	13.18	13.29	13.07	12.66	12.10	12.15	12.08	11.52	12.05	8.50	11.50
O 31	11.71	11.42	11.48	11.44	11.48	12.02	12.18	12.74	12.87	12.62	12.21	11.60	11.60	11.62	10.40	10.50	8.00	11.00
N 28	10.78	10.50	10.47	10.67	10.97	11.46	11.81	12.42	12.54	11.99	12.52	11.20	10.70	11.10	10.84	10.00	7.50	10.75
D 26	10.16	9.84	10.16	10.44	10.76	11.24	11.66	12.27	12.40	11.91	10.05	10.20	10.00	10.10	9.80	9.50	6.75	10.25
1985 J 30	9.66	9.50	9.71	10.27	10.46	10.97	11.38	11.98	12.06	11.58	10.13	9.65	9.55	9.67	8.90	8.25	6.50	10.25
F 27	10.95	11.27	12.30	11.69	11.62	11.98	12.30	12.83	12.93	12.64	9.29	10.50	11.30	10.45	8.98	9.25	7.00	10.50
M 27	11.18	10.40	10.71	11.14	11.41	11.69	11.93	12.46	12.59	12.27	10.57	10.65	10.70	10.63	9.57	9.75	7.25	10.50
A 24	9.75	9.77	10.32	10.59	10.86	11.22	11.50	12.07	12.18	11.76	10.14	9.65	9.85	9.60	9.03	9.00	6.25	9.50
M 29	9.59	9.51	9.76	10.16	10.24	10.59	10.76	11.34	11.52	11.06	10.38	9.75	9.65	9.68	9.44	8.25	6.00	9.50
J 26	9.57	9.33	9.63	10.02	10.36	10.75	10.88	11.50	11.55	11.18	9.70	9.45	9.50	9.39	9.36	8.88	6.00	9.50
J 31	9.31	9.06	9.43	10.06	10.40	10.76	10.91	11.56	11.67	11.25	8.89	8.95	9.15	8.97	8.36	8.27	6.00	9.50
A 28	9.20	8.95	9.21	9.79	10.17	10.57	10.79	11.36	11.43	11.09	9.07	9.00	9.05	8.99	8.32	8.25	5.75	9.25
S 25	9.31	8.75	9.06	9.88	10.34	10.79	10.96	11.53	11.62	11.26	8.59	8.70	8.90	8.68	8.06	8.00	5.75	9.25
O 30	8.77	8.53	8.75	9.44	9.88	10.39	10.72	11.24	11.33	10.85	8.84	8.55	8.65	8.57	7.83	7.15	5.50	9.25
N 27	8.98	8.85	8.93	9.26	9.56	9.95	10.34	10.99	11.08	10.47	9.41	9.10	9.00	9.12	7.56	8.00	5.50	9.25
D 25	9.49	9.24	9.26	9.10	9.33	9.67	10.06	10.76	10.86	10.26	9.84	9.45	9.40	9.45	7.78	7.75	5.50	9.25
1986 J 29	10.33	10.55	10.61	9.88	9.95	10.20	10.49	10.85	11.00	10.71	10.64	10.75	10.75	10.74	9.44	10.70	6.50	9.50
F 26	11.84	11.55	10.98	9.66	9.71	9.82	9.96	10.32	10.46	10.28	13.64	12.80	11.60	12.58	12.20	11.25	8.50	10.00
M 26	10.44	10.19	10.19	9.36	9.30	9.45	9.54	9.98	10.18	10.05	12.30	11.25	10.75	11.18	10.47	8.75	7.50	9.25
A 30	9.27	8.72	8.93	8.82	8.96	9.22	9.32	9.80	10.05	9.93	8.86	8.90	9.00	8.89	8.50	8.50	6.75	8.25
M 28	8.43	8.33	8.70	8.98	9.20	9.45	9.52	10.05	10.16	10.11	8.55	8.50	8.55	8.46	8.20	8.00	5.75	7.75
J 25	8.84	8.59	8.97	8.83	9.06	9.27	9.42	9.92	10.10	10.03	8.38	8.50	8.65	8.48	7.41	7.25	5.75	7.75
J 30	8.63	8.26	8.44	9.07	9.19	9.33	9.36	9.88	10.14	10.17	8.29	8.45	8.55	8.38	6.95	8.55	5.25	7.75
A 27	8.58	8.33	8.66	9.02	9.09	9.19	9.16	9.69	10.05	10.05	8.13	8.20	8.45	8.21	7.85	7.00	5.25	7.75
S 24	8.63	8.35	8.67	9.10	9.23	9.32	9.45	10.07	10.35	10.24	8.04	8.15	8.40	8.16	7.35	7.00	5.25	7.75

Alberta
LABOUR
Employment Pensions Branch

APPENDIX II

SPOUSE'S WAIVER FORMS A.

SPOUSE'S PENSION WAIVER UNDER AN RRSP OR A LIFE ANNUITY CONTRACT

I, _____, certify that I am the spouse
(print or type full name of spouse)

(within the meaning of the Employment Pension Plans Act) of

_____
(print or type full name of owner of the RRSP or life annuity contract)

(hereinafter called "the annuitant") who is the owner of the RRSP or life annuity contract numbered

_____, issued by

_____
(name of RRSP underwriter or life insurance company)

(hereinafter called "the contract").

I understand that, if this form is not completed by me and filed with the RRSP underwriter or life insurance company, the only beneficial payments that may ultimately be made respecting money now held under the contract are payments in the form of a life annuity so that, after the death of either myself or the annuitant, the life annuity will continue to the other at a level of at least 60% of the original amount, and I am otherwise aware of my rights under the contract.

I also understand that I may waive my above-mentioned rights under the contract thereby enabling the annuitant to choose to be paid in an alternative form of life annuity which may provide me with no survivor life annuity or a survivor life annuity at a level of less than 60%, and I hereby so waive those rights.

I certify that this form is being signed freely and voluntarily without any compulsion on the part of the annuitant and outside the immediate presence of the annuitant.

In witness whereof, I hereby sign this waiver at _____

_____, this _____ day of _____,

19 _____ in the presence of _____
(print or type name of witness)

of _____

_____.
(address of witness)

_____ (Signature)
Witness to the signature of the spouse who signed this form before the witness outside of the presence of the annuitant.

_____
Spouse s Signature

COMMENTS AND INSTRUCTIONS

This form must be completed where the spouse of an annuitant wishes to waive his or her entitlement to the 60% joint and survivor form of life annuity that is required under the Employment Pension Plans Act.

The form must be,

- completed in its entirety,
- signed by the spouse and witnessed not earlier than 90 days prior to the date that the life annuity payments are to commence,
- signed outside of the immediate presence of the annuitant, and
- filed with the RRSP underwriter or the life insurance company, as the case may be.

Under the Employment Pension Plans Act, a spouse of an annuitant who is about to commence to receive life annuity payments is,

(a) the person who, on the date the life annuity payments are to commence, is married to the annuitant and is not living separate and apart from that annuitant, or

(b) where there is no one to whom (a) would apply, the person of the opposite sex who has lived with the annuitant for at least the 3-year period immediately preceeding the date on which life annuity payments will commence, and who has during that period been held out by the annuitant in the community in which they live as that annuitant's consort.

For further information please contact the plan administrator or the Employment Pensions Branch.

Alberta Labour
Employment Pensions Branch
401, 10808 – 99 Avenue
EDMONTON, Alberta, Canada
T5K 0G5

Telephone (403) 427-8322*

*For toll-free dialing, contact your local
Alberta Government R.I.T.E. operator.

Alberta
LABOUR
Employment Pensions Branch

APPENDIX II

SPOUSE'S WAIVER FORMS B.

SPOUSE'S PENSION WAIVER UNDER A PENSION PLAN

I, _____, certify that I am the spouse
(print or type full name of spouse)

(within the meaning of the Employment Pension Plans Act) of

_____
(print or type full name of prospective pensioner)

(hereinafter called "the pensioner") a member or former member of the pension plan known as the

_____.

I understand that, if this form is not completed by me and filed with the Plan Administrator, then, in accordance with section 32 of the Employment Pension Plans Act, the pension payable from the above Plan is a pension so that, after the death of one of us, the pension will continue to the other at a level of at least 60% of the original amount, and I am otherwise aware of my rights under that section.

I also understand that I may waive my rights under section 32, thereby enabling the pensioner to choose a pension in an alternative form which may provide me with no survivor pension or a survivor pension at a level of less than 60%, and I hereby so waive those rights.

I certify that this form is being signed freely and voluntarily without any compulsion on the part of the pensioner and outside the immediate presence of the pensioner.

In witness whereof, I hereby sign this waiver at _____

_____, this _____ day of _____,

19 _____ in the presence of _____
(print or type name of witness)

of _____

_____.
(address of witness)

_____ (Signature)
Witness to the signature of the spouse who signed this form before the witness outside of the presence of the pensioner.

_____
Spouse's Signature

COMMENTS AND INSTRUCTIONS

This form must be completed where the spouse of a pensioner wishes to waive his or her entitlement to the 60% joint and survivor form of pension that is required under the Employment Pension Plans Act.

The form must be,

- completed in its entirety,
- signed by the spouse and witnessed not earlier than 90 days prior to the date that the pension is to commence,
- signed outside of the immediate presence of the pensioner, and
- filed with the plan administrator.

Under the Employment Pension Plans Act, a spouse of a pensioner who is about to commence pension is,

(a) the person who, on the date the pension is to commence, is married to the pensioner and is not living separate and apart from that pensioner, or

(b) where there is no one to whom (a) would apply, the person of the opposite sex who has lived with the pensioner for at least the 3-year period immediately preceeding the date of pension commencement, and who has during that period been held out by the pensioner in the community in which they live as that pensioner's consort.

For further information please contact the plan administrator or the Employment Pensions Branch.

Alberta Labour
Employment Pensions Branch
401, 10808 – 99 Avenue
EDMONTON, Alberta, Canada
T5K 0G5

Telephone (403) 427-8322*

*For toll-free dialing, contact your local
Alberta Government R.I.T.E. operator.

APPENDIX III

CANADIAN INSTITUTE OF ACTUARIES

RECOMMENDATIONS FOR THE COMPUTATION OF MINIMUM TRANSFER VALUES OF DEFERRED PENSIONS

INTRODUCTION

The Council of the Canadian Institute of Actuaries has approved the following recommendations for conduct of a member (hereinafter called "Actuary") when engaged to compute or recommend the basis to be used for the computation of the minimum transfer value (hereinafter "transfer value") of a deferred pension. These recommendations should be applied to transfer values when the deferred pension in question arises from a pension plan that is subject to Federal or Provincial Pension Legislation and may be appropriate in other situations.

1.01 **General Principles**

The underlying principle in these recommendations is that the transfer value should, to the extent possible, reflect market conditions. The transfer value computed by the application of these recommendations does not take account of the solvency of the pension plan. The actuary should consider whether an adjustment should be made to the transfer value when the plan is less than fully funded on a plan termination basis, including any adjustments required by applicable pension legislation.

The transfer value must reflect the employee's full benefit entitlement determined under the terms of the pension plan at date of termination. The death benefit which would have applied before commencement of the deferred pension should be reflected. Where the deferred pensioner has the right to subsidized options their value should be included in the transfer value.

1.02 **Actuarial Assumptions**

There are many types of deferred pension but two distinct classes or types have to be considered separately. The two classes are:

- non-indexed deferred pensions
- indexed deferred pensions

The demographic assumptions will be the same for all types of deferred pensions.

a) Demographic Assumptions

- Mortality. Unless a special table has been developed for a particular plan, a current universal table such as the GAM83 table should be used. If the transfer value being determined arises from a plan within a jurisdiction that has legislated the use of unisex mortality tables then, an appropriate mortality table should be used.
- Proportion Married. When the plan provides a benefit to a spouse of the member at time of death of the member

the Actuary may make such assumptions as he considers appropriate recognizing that the member's marital status may change after termination of employment.

- Age difference between spouses. Where the deferred pension includes a benefit to a surviving spouse on death before or after retirement, the actual age of the spouse in question should be used in the computation if it is known. In the absence of this information an appropriate assumption such as that the male spouse is three years older than the female spouse, may be used.

- Retirement age. In most situations the normal retirement age under the plan would be used. However, where the terminated member has the right to an earlier commencement date and the consequent early retirement pension is not reduced in full to the actuarial equivalent value, the transfer value should reflect the extent of the subsidy.

b) Economic Assumptions. The economic assumptions will vary depending on whether the deferred pension is indexed, partially indexed or non-indexed. The transfer value of an indexed pension should be at least equal to the transfer value of a non-indexed pension in the same amount and having similar characteristics.

- For non-indexed pensions the interest rate for the first fifteen years from date of termination should be calculated as the average yield to maturity on long term Government of Canada bonds (CANSIM series B14013) over a three calendar month period commencing with the 4th month preceding the date of termination. After the first fifteen years the rate should be 6%.

- For indexed pensions where the pension increases by the same percentage as the Consumer Price Index the net rate of interest should be set initially as the difference between the average 5 year mortgage rates (CANSIM series B14024) less 1/2%, and the rate of increase in the Consumer Price Index on an annualized basis, over a three calendar month period commencing with the 4th month preceding the date of termination. The initial rate should apply for the first year and be reduced or increased to a long term net rate of 3% over a 5 year period.

- The assumption for pensions that are partially indexed should reflect the specific form of partial indexing.
  i) A pension that is indexed to a specified percentage of the Consumer Price Index should be valued partially as an indexed pension and partially as a non-indexed pension.

ii) A pension that is based on increases to the Consumer Price Index less a fixed percentage rate should be valued using interest rates applicable to the full indexed pension set out above plus the fixed percentage reduction.

iii) A pension that is based on increases to the Consumer Price Index up to a fixed maximum should be valued using an interest rate that reflects the probability that the fixed maximum will apply. Thus if the fixed maximum were extremely low the value might be computed as a non-indexed pension with fixed annual increments. If the fixed maximum were very high the pension might be valued as a fully-indexed pension.

iv) A pension that is indexed according to an excess interest approach, where increases are linked to a rate of return in excess of a base rate, should be valued using an interest rate equal to the base rate. The interest rate may be adjusted, or the pension valued partially as a non-indexed pension if the pension is not increased by the full amount of excess interest or is otherwise subject to a controlling maximum increase.

v) A deferred pension that is indexed only after the expiry of the deferred period should be valued using the interest rate appropriate to a non-indexed pension during the deferral period and the

interest rate applicable to the particular type of indexed pension after the pension commences.

vi) A deferred pension that is indexed only during the deferred period should be valued using the interest rate applicable to the particular type of indexing in the deferred period and the appropriate interest rate for a non-indexed pension after pension commences.

1.03 **Transfer after date of Termination**

The transfer value calculated in accordance with these recommendations should be adjusted for a reasonable market rate of interest between the date of termination of employment and the date of payment of the transfer.

1.04 **Disclosure**

The actuary shall include in his communication of the transfer value to the plan sponsor:

a) A description of the actuarial basis used in determining the transfer value.

b) A statement of whether the value has been reduced to reflect the solvency of the plan and the effect of this reduction.

c) A statement that the value has been computed in accordance with generally accepted actuarial principles. The actuary can so state provided he has followed the principles of this recommendation.

APPENDIX IV

INDEX OF SUBJECTS COVERED BY THE REGULATION

Subject	Regulation Section(s)	Act Section(s)
Designated provinces	2(1)	1(1)(j)
Initial qualification date	2(1)	1(1)(q)
Definition of pension plan	2(2)	1(1)(z)
Definition of surplus assets	2(3)	1(1)(kk)
Extension of time limits	3	4
Time limit on annual returns	4	7(3)(a)
Fees	5	62(1)(c)
Filing of consolidated documents	6	62(1)(b)
Actuarial review of plan	7	6(4), 62(1)(a)
Filing of cost certificates	8	7(3)(b)
Filing of collective agreements	9	7(3)(c)
Employee booklet	10, 11	8(1)(a)
Annual statement	12	8(1)(b)
Statement on termination of membership	13, 16	8(1)(c)
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Transfer statement	15, 16	8(1)(e)
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